

AMENDED IN SENATE APRIL 14, 2009

**SENATE BILL**

**No. 488**

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**Introduced by Senator Pavley**

February 26, 2009

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An act to ~~amend Section 2079.10 of the Civil Code, and to add Chapter 10.9 (commencing with Section 25945) to Division 15 of the Public Resources Code, and to amend Section 739 of, and to add Section 9505 to, the Public Utilities Code,~~ relating to energy.

LEGISLATIVE COUNSEL'S DIGEST

SB 488, as amended, Pavley. Energy: ~~energy efficiency financing.~~  
*energy usage information.*

*(1) Under existing law, the Public Utilities Commission has regulatory authority over public utilities, including electrical corporations and gas corporations, as defined. The existing Public Utilities Act requires each electrical corporation and each gas corporation to disclose on the residential customer's billing statement specified information on usage and cost, and contact information for the commission's Consumer Affairs Branch, and to make available online to residential customers specified information on usage and energy conservation measures. The act authorizes the commission to modify, adjust, or add to these requirements as the individual circumstances of each electrical corporation or gas corporation merit, or for master-meter customers, as individual circumstances merit. The act requires the commission, as part of the general rate case of an electrical corporation or gas corporation, to assess opportunities to improve the quality of information contained in the utility's periodic billings.*

*This bill would require the commission, on or before July 1, 2010, to require each electrical corporation and each gas corporation to periodically disclose on the billing statement of a residential subscriber, information documenting the amount of energy used by the metered residence compared to similar residences in the subscriber's geographical area. The bill would require the commission to require each electrical corporation and each gas corporation to identify those residences that used significantly more energy during the period than was used by similar residences in the subscriber's geographical area and to ensure that information is provided to those subscribers on energy saving strategies and programs available to assist in financing energy efficiency improvements.*

*Under existing law, a violation of the Public Utilities Act or any order, decision, rule, direction, demand, or requirement of the commission is a crime.*

*Because the provisions of this bill are within the act and require action by the commission to implement its requirements, a violation of these provisions would impose a state-mandated local program by creating a new crime.*

*(2) Existing law defines weatherization and requires each publicly owned electric and gas utility that provides the energy for space heating for low-income customers to provide home weatherization services for those customers if a significant need for those services exists in the utility's service territory, taking into consideration both the cost-effectiveness of the services and the public policy of reducing financial hardships facing low-income households. Existing law requires each publicly owned electric and gas utility to submit a biennial report to the State Energy Resources Conservation and Development Commission (Energy Commission) describing the status of their low-income weatherization programs.*

*This bill would require each local publicly owned electric utility and each local publicly owned gas utility, on or before July 1, 2010, to adopt a program to periodically disclose, on the billing statement of a residential subscriber, information documenting the amount of energy used by the metered residence compared to similar residences in the subscriber's geographical area. The bill would require each local publicly owned electric utility and each local publicly owned gas utility to identify those residences that used significantly more energy during the period than was used by similar residences in the subscriber's geographical area and ensure that information is provided to those*

*subscribers on energy saving strategies and programs available to assist in financing energy efficiency improvements. The bill would require each local publicly owned electric utility and each local publicly owned gas utility, on or before July 1, 2011, and by July 1 each year thereafter, to report to the Energy Commission on the energy savings resulting from the program adopted by the utility pursuant to these requirements. By placing additional requirements upon local publicly owned electric and gas utilities, the bill would impose a state-mandated local program.*

*(3) The California Constitution requires the state to reimburse local agencies and school districts for certain costs mandated by the state. Statutory provisions establish procedures for making that reimbursement.*

*This bill would provide that no reimbursement is required by this act for specified reasons.*

~~(1) Existing law requires the State Energy Resources Conservation and Development Commission to establish criteria for adopting a statewide home energy rating program for residential dwellings. Existing law establishes the Renewable Energy Resources Program that is administered by the commission to address global warming and climate change by increasing the amount of electricity generated from eligible renewable resources. Existing law establishes various grant, loan, and loan guarantee programs to assist specified entities in implementing energy conservation and efficiency measures.~~

~~This bill would require the commission, by July 1, 2010, in consultation with specified entities, to establish an ongoing procedure to develop an energy efficiency financing program to allow residential, commercial, industrial, and municipal participants to finance energy efficiency improvements funded through cost avoidance of the energy saved by the implemented measure. The commission would be required, beginning July 1, 2011, and annually thereafter, to submit to the Legislature a report on the progress of the program.~~

~~(2) Existing law provides that if an informational booklet concerning home energy rating is delivered to a transferee of a real property, the seller or broker is not required to provide information that is additional to that contained in the booklet.~~

~~This bill would provide that a seller or broker is not required to provide additional information regarding home energy efficiency if the transferee of a real property has received, as an alternative, any other~~

information regarding energy efficiency produced by a utility provider or a public agency.

Vote: majority. Appropriation: no. Fiscal committee: yes.

State-mandated local program: ~~no~~-yes.

*The people of the State of California do enact as follows:*

1     ~~SECTION 1. Section 2079.10 of the Civil Code is amended~~  
2     ~~to read:~~

3     ~~2079.10. (a) If the informational booklet published pursuant~~  
4     ~~to Section 25402.9 of the Public Resources Code, concerning the~~  
5     ~~statewide home energy rating program adopted pursuant to Section~~  
6     ~~25942 of the Public Resources Code, or any other information~~  
7     ~~regarding energy efficiency produced by a utility provider or public~~  
8     ~~agency, is delivered to a transferee in connection with the transfer~~  
9     ~~of real property, including, but not limited to, property specified~~  
10    ~~in Section 1102, manufactured homes as defined in Section 18007~~  
11    ~~of the Health and Safety Code, and property subject to Chapter~~  
12    ~~7.5 (commencing with Section 2621) of Division 2 of the Public~~  
13    ~~Resources Code, the seller or broker is not required to provide~~  
14    ~~additional information concerning home energy efficiency, and~~  
15    ~~the information in the booklet or produced by a utility provider or~~  
16    ~~public agency shall be deemed to be adequate to inform the~~  
17    ~~transferee about home energy efficiency improvement and~~  
18    ~~conservation programs.~~

19    ~~(b) Notwithstanding subdivision (a), this section does not alter~~  
20    ~~any existing duty of the seller or broker under any other law~~  
21    ~~including, but not limited to, the duties of a seller or broker under~~  
22    ~~this article, Article 1.5 (commencing with Section 1102) of Chapter~~  
23    ~~2 of Title 4 of Part 4 of Division 2 of the Civil Code, or Chapter~~  
24    ~~7.5 (commencing with Section 2621) of Division 2 of the Public~~  
25    ~~Resources Code, to disclose information concerning the existence~~  
26    ~~of a home energy rating program affecting the real property.~~

27    ~~(c) If the informational booklet or materials described in Section~~  
28    ~~375.5 of the Water Code concerning water conservation and water~~  
29    ~~conservation programs are delivered to a transferee in connection~~  
30    ~~with the transfer of real property, including property described in~~  
31    ~~subdivision (a), the seller or broker is not required to provide~~  
32    ~~information concerning water conservation and water conservation~~  
33    ~~programs that is additional to that contained in the booklet or~~

1 materials, and the information in the booklet or materials shall be  
2 deemed to be adequate to inform the transferee about water  
3 conservation and water conservation programs.

4 SEC. 2.

5 SECTION 1. Chapter 10.9 (commencing with Section 25945)  
6 is added to Division 15 of the Public Resources Code, to read:

7  
8 CHAPTER 10.9. ENERGY EFFICIENCY FINANCING PROGRAM  
9

10 25945. The Legislature finds and declares all of the following:

11 (a) The *California* Global Warming Solutions Act of 2006  
12 (Division 25.5 (commencing with Section 38500) of the Health  
13 and Safety Code) requires the State Air Resources Board to design  
14 emissions reduction measures in a manner that minimizes costs  
15 and maximizes benefits for California's economy, maximizes  
16 additional environmental and economic cobenefits for California,  
17 and complements the state's efforts to improve air quality.

18 (b) To achieve the goals of the *California* Global Warming  
19 Solutions Act of 2006, every sector must explore opportunities to  
20 reduce energy consumption and related greenhouse gas emissions.

21 (c) There exist significant opportunities for cost-effective energy  
22 efficiency improvements in all types of existing structures,  
23 including residential, commercial, industrial, and municipal.

24 (d) California needs a systematic approach to providing every  
25 utility-using structure in the state with an energy audit and  
26 opportunity to increase energy efficiency by 2020, to meet the  
27 goals of the *California* Global Warming Solutions Act of 2006.

28 (e) ~~Utilities are the most logical industry through which a~~  
29 ~~comprehensive audit and improvement program should be~~  
30 ~~promulgated.~~

31 (f) ~~Removing market barriers such as upfront costs and allowing~~  
32 ~~utility-administered funding for energy efficiency improvement~~  
33 ~~financing programs will eliminate key barriers that keep building~~  
34 ~~owners, renters, lessees, and municipalities from making the energy~~  
35 ~~efficiency improvements necessary to meet these goals.~~

36 25945.5. (a) On or before July 1, 2010, the commission shall  
37 establish an ongoing procedure to develop an energy efficiency  
38 financing program that will allow residential, commercial,  
39 industrial, and municipal participants to finance energy efficiency  
40 improvements funded through cost avoidance of the energy saved

1 by the implemented measure. The financing shall be fixed to the  
2 meter location to ensure that the beneficiary of the improvement  
3 repay the cost, regardless of ownership or occupancy.  
4 (b) In determining the elements of the energy efficiency  
5 financing program, the commission shall consider all of the  
6 following:  
7 (1) The need for expanding existing energy audit programs to  
8 provide appropriate baseline energy information for each meter.  
9 Program expansion may include any of the following:  
10 (A) Expanding existing public goods charge programs.  
11 (B) Utilizing appropriate federal energy efficiency grants and  
12 programs.  
13 (C) Authorizing other sources of program funding.  
14 (2) The appropriate energy efficient measures that provide  
15 energy savings offsetting the cost of the measure within its useful  
16 life, may include all of the following:  
17 (A) Lighting, heating, cooling, and other energy efficient  
18 equipment.  
19 (B) Weatherization.  
20 (C) Distributed generation systems.  
21 (D) Water-saving features and devices.  
22 (3) Utility billing system requirements.  
23 (4) Appropriate monthly charges for each specified measure,  
24 including consideration of the availability of applicable government  
25 run and nongovernmental assistance and loan programs as well as  
26 rebates.  
27 (5) Appropriate program charges.  
28 (6) The expected value of establishing this program, including  
29 all of the following:  
30 (A) Reductions in greenhouse gas emissions.  
31 (B) Reductions in annual and peak energy demands.  
32 (C) Reduction in customer utility bills.  
33 (7) The appropriate methods for informing and educating the  
34 public as to the new program.  
35 (8) Appropriate disclosures and notifications.  
36 (9) Any other considerations deemed appropriate by the Public  
37 Utilities Commission.  
38 (c) Prior to adopting an energy efficiency financing program,  
39 the commission shall do both of the following:

1 ~~(1) Consult with representatives from the Contractors State~~  
2 ~~Licensing Board, the Department of Real Estate, the Department~~  
3 ~~of Housing and Community Development, the Public Utilities~~  
4 ~~Commission, investor-owned utilities, publicly owned utilities,~~  
5 ~~cities and counties, real estate licensees, home builders, mortgage~~  
6 ~~lenders, home appraisers and inspectors, energy efficient product~~  
7 ~~vendors, home energy rating organizations, consumer groups,~~  
8 ~~environmental and environmental justice groups.~~

9 ~~(2) Hold at least three public hearings in geographically diverse~~  
10 ~~locations throughout the state.~~

11 ~~(d) Beginning July 1, 2011, and annually thereafter, the~~  
12 ~~commission shall submit a report to the Legislature detailing the~~  
13 ~~progress of the program, the number of metered users that took~~  
14 ~~advantage of the financing program, the amount of energy savings~~  
15 ~~resulting from the implemented measures, and an estimate of the~~  
16 ~~greenhouse gas reduction resulting from the program. The report~~  
17 ~~may also contain recommendations for expanding or otherwise~~  
18 ~~improving the program.~~

19 *SEC. 2. Section 739 of the Public Utilities Code is amended*  
20 *to read:*

21 739. (a) As used in this section:

22 (1) “Baseline quantity” means a quantity of electricity or gas  
23 allocated by the commission for residential customers based on  
24 from 50 to 60 percent of average residential consumption of these  
25 commodities, except that, for residential gas customers and for  
26 all-electric residential customers, the baseline quantity shall be  
27 established at from 60 to 70 percent of average residential  
28 consumption during the winter heating season. In establishing the  
29 baseline quantities, the commission shall take into account climatic  
30 and seasonal variations in consumption and the availability of gas  
31 service. The commission shall review and revise baseline quantities  
32 as average consumption patterns change in order to maintain these  
33 ratios.

34 (2) “Residential customer” means those customers receiving  
35 electrical or gas service pursuant to a domestic rate schedule and  
36 excludes industrial, commercial, and every other category of  
37 customer.

38 (b) The commission shall designate a baseline quantity of gas  
39 and electricity which is necessary to supply a significant portion  
40 of the reasonable energy needs of the average residential customer.

1 In estimating those quantities, the commission shall take into  
2 account differentials in energy needs between customers whose  
3 residential energy needs are currently supplied by electricity alone  
4 or by both electricity and gas. The commission shall develop a  
5 separate baseline quantity for all-electric residential customers.  
6 For these purposes, “all-electric residential customers” are  
7 residential customers having electrical service only or whose space  
8 heating is provided by electricity, or both. The commission shall  
9 also take into account differentials in energy use by climatic zone  
10 and season.

11 (c) (1) The commission shall establish a standard limited  
12 allowance which shall be in addition to the baseline quantity of  
13 gas and electricity for residential customers dependent on  
14 life-support equipment, including, but not limited to, emphysema  
15 and pulmonary patients. A residential customer dependent on  
16 life-support equipment shall be allocated a higher energy allocation  
17 than the average residential customer.

18 (2) “Life-support equipment” means that equipment which  
19 utilizes mechanical or artificial means to sustain, restore, or  
20 supplant a vital function, or mechanical equipment which is relied  
21 upon for mobility both within and outside of buildings.  
22 “Life-support equipment,” as used in this subdivision, includes all  
23 of the following: all types of respirators, iron lungs, hemodialysis  
24 machines, suction machines, electric nerve stimulators, pressure  
25 pads and pumps, aerosol tents, electrostatic and ultrasonic  
26 nebulizers, compressors, IPPB machines, and motorized  
27 wheelchairs.

28 (3) The limited allowance specified in this subdivision shall  
29 also be made available to paraplegic and quadriplegic persons in  
30 consideration of the increased heating and cooling needs of those  
31 persons.

32 (4) The limited allowance specified in this subdivision shall  
33 also be made available to multiple sclerosis patients in  
34 consideration of the increased heating and cooling needs of those  
35 persons.

36 (5) The limited allowance specified in this subdivision shall  
37 also be made available to scleroderma patients in consideration of  
38 the increased heating needs of those persons.

39 (6) The limited allowance specified in this subdivision shall  
40 also be made available to persons who are being treated for a



1 life-threatening illness or have a compromised immune system, if  
2 a licensed physician and surgeon or a person licensed pursuant to  
3 the Osteopathic Initiative Act certifies in writing to the utility that  
4 the additional heating or cooling allowance, or both, is medically  
5 necessary to sustain the life of the person or prevent deterioration  
6 of the person's medical condition.

7 (d) (1) The commission shall require that every electrical and  
8 gas corporation file a schedule of rates and charges providing  
9 baseline rates. The baseline rates shall apply to the first or lowest  
10 block of an increasing block rate structure which shall be the  
11 baseline quantity. In establishing these rates, the commission shall  
12 avoid excessive rate increases for residential customers, and shall  
13 establish an appropriate gradual differential between the rates for  
14 the respective blocks of usage.

15 (2) In establishing residential electric and gas rates, including  
16 baseline rates, the commission shall assure that the rates are  
17 sufficient to enable the electrical corporation or gas corporation  
18 to recover a just and reasonable amount of revenue from residential  
19 customers as a class, while observing the principle that electricity  
20 and gas services are necessities, for which a low affordable rate is  
21 desirable and while observing the principle that conservation is  
22 desirable in order to maintain an affordable bill.

23 (3) At least until December 31, 2003, the commission shall  
24 require that all charges for residential electric customers are  
25 volumetric, and shall prohibit any electrical corporation from  
26 imposing any charges on residential consumption that are  
27 independent of consumption, unless those charges are in place  
28 prior to April 12, 2001.

29 (e) (1) Each electrical corporation and each gas corporation  
30 shall, in a timeframe consistent with each electrical and gas  
31 corporation's next general rate case, disclose on the billing  
32 statement of a residential customer all of the following:

- 33 (A) Cost per kilowatthour or gas therm per tier.
- 34 (B) Allocation of kilowatthour or gas therm per tier.
- 35 (C) Visual representation of usage and cost per tier.
- 36 (D) Usage comparison with prior periods.
- 37 (E) Itemized cost components in the bill to identify state and  
38 local taxes.

39 (F) Identification of delivery, generation, public purpose, and  
40 other charges.

(G) Contact information for the commission's Consumer Affairs Branch.

(2) An electrical corporation and a gas corporation shall make available online to residential customers both of the following:

(A) Examples of how conservation measures, including changing thermostat settings and turning off unused lights, could reduce energy usage and costs.

(B) Examples of how energy-saving devices and weatherization measures could reduce energy usage and costs.

(3) The commission may modify, adjust, or add to the requirements of this subdivision as the individual circumstances of each electrical corporation or gas corporation merits, or for master-meter customers, as individual circumstances merit.

(4) The commission shall, as part of the general rate case of an electrical corporation or gas corporation, assess opportunities to improve the quality of information contained in the utility's periodic billings.

*(f) (1) On or before July 1, 2010, the commission shall require each electrical corporation and each gas corporation to periodically disclose, on the billing statement of a residential subscriber, information documenting the amount of energy used by the metered residence compared to similar residences in the subscriber's geographical area.*

*(2) The commission shall require each electrical corporation and each gas corporation to identify those residences that used significantly more energy during the period than was used by similar residences in the subscriber's geographical area and ensure that information is provided to those subscribers, on energy saving strategies and programs available to assist in financing energy efficiency improvements.*

~~(f)~~

(g) Wholesale electrical or gas purchases, and the rates charged therefor, are exempt from this section.

~~(g)~~

(h) Nothing contained in this section shall be construed to prohibit experimentation with alternative gas or electrical rate schedules for the purpose of achieving energy conservation.

SEC. 3. Section 9505 is added to the Public Utilities Code, to read:

1     9505. (a) *On or before July 1, 2010, each local publicly owned*  
2 *electric utility and each local publicly owned gas utility shall adopt*  
3 *a program to periodically disclose, on the billing statement of a*  
4 *residential subscriber, information documenting the amount of*  
5 *energy used by the metered residence compared to similar*  
6 *residences in the subscriber's geographical area.*

7     (b) *Each local publicly owned electric utility and each local*  
8 *publicly owned gas utility shall identify those residences that used*  
9 *significantly more energy during the period than was used by*  
10 *similar residences in the subscriber's geographical area and*  
11 *ensure that information is provided to those subscribers on energy*  
12 *saving strategies and programs available to assist in financing*  
13 *energy efficiency improvements.*

14     (c) *On or before July 1, 2011, and each July 1 thereafter, each*  
15 *local publicly owned electric utility and each local publicly owned*  
16 *gas utility shall report to the Energy Commission on the energy*  
17 *savings resulting from the program adopted by the utility pursuant*  
18 *to this section.*

19     SEC. 4. *No reimbursement is required by this act pursuant to*  
20 *Section 6 of Article XIII B of the California Constitution for certain*  
21 *costs that may be incurred by a local agency or school district*  
22 *because, in that regard, this act creates a new crime or infraction,*  
23 *eliminates a crime or infraction, or changes the penalty for a crime*  
24 *or infraction, within the meaning of Section 17556 of the*  
25 *Government Code, or changes the definition of a crime within the*  
26 *meaning of Section 6 of Article XIII B of the California*  
27 *Constitution.*

28     *With respect to certain other costs, no reimbursement is required*  
29 *by this act pursuant to Section 6 of Article XIII B of the California*  
30 *Constitution because a local agency or school district has the*  
31 *authority to levy service charges, fees, or assessments sufficient*  
32 *to pay for the program or level of service mandated by this act,*  
33 *within the meaning of Section 17556 of the Government Code.*